

Introduction

If you would like to move gradually into retirement by reducing your hours of work or by moving to a position with fewer responsibilities on a lower grade, there is an option known as **Flexible Retirement** under the Local Government Pension Scheme (LGPS).

What is Flexible Retirement?

If you were to reduce your working hours or grade in your present employment, it is possible under current scheme regulations to receive the payment of your pension benefits to date and continue to work in that employment (working fewer hours or drawing on a lower salary / wage).

What is the criteria for Flexible Retirement?

In order to be eligible, you must meet ALL of the following requirements:

- Be age 55 or over.
- Have at least 2 years membership in the scheme (or have brought a transfer in from another scheme). (If you joined the scheme on or before 31 March 2014, you will only need to attain 3 months membership to qualify).
- Have your **Employer's consent** to reduce your working hours or grade and therefore retire on the grounds of Flexible Retirement.

What is meant by Employer Consent?

In accordance with scheme regulations, each Employer has to adopt a policy which specifies whether or not they will consider member applications for Flexible Retirement. An Employer must consider the impact on service delivery and any potential costs involved, which may lead to an unsuccessful application.

To find out more about their policy, please contact your Employer.

What benefits will become payable if I was to retire?

You will receive an annual pension (paid per calendar month) and an automatic tax-free lump sum if you became a member of the scheme on or before 31 March 2008. If not, you will only receive an annual pension, but you will have the option of exchanging part of your pension (subject to HMRC limits) for tax-free cash when you retire. This is known as **Commutation**.

To find out more about your options upon retirement, please refer to the **Commutation factsheet**.

Will my benefits be reduced if I am granted Flexible Retirement?

The Normal Pension Age (NPA) under the LGPS is linked to your State Pension Age (SPA)¹, with a minimum age of 65, although you are able to make a Flexible Retirement request from age 55. If your benefits become payable before your NPA, they may well be actuarially reduced to take account of early payment.

However, if granted Flexible Retirement between age 55 and 60, any **85 Year Rule** protection you may have (if you joined the Scheme on or before 30 September 2006) **WILL** automatically apply and your benefits will **NOT** be reduced.

If you joined the scheme on or after 1 October 2006, the 85 Year Rule does **NOT** apply and your benefits will be reduced in full regardless of your age (post age 55). However, the closer to your NPA you retire, the less any reduction to your benefits will be.

The ability to apply the 85 Year Rule between age 55 and 60 is at the discretion of your Employer and you should contact them to find out more about their policy on this matter.

To find out more about the 85 Year Rule and the reductions that may apply, please refer to the **85 Year Rule factsheet**.

Will I still be able to contribute to the LGPS?

Having received the payment of your retirement benefits, you will be able to re-join the Scheme in your continuing employment, building up further scheme benefits.

Please note that any 85 Year Rule protection that may apply to your current period of membership will **NOT** apply to any new period of membership (if you decide to re-join), therefore your benefits will be reduced in full if payable before your NPA.

Please Note

¹ As the SPA may change in the future, so will your NPA under the LGPS 2014.

Further Information

This factsheet gives general guidance only. For further information, please contact:

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Email: pensions@powys.gov.uk



Flexible Retirement